

..... FEBRUARY 2008

Healthcare Blueprint

Insurer Debuts Plan to Tackle Coverage for All Americans

AS DEBATE ABOUT U.S. health-care reform intensifies, one insurer has taken the bull by the horns and introduced a five-point plan which would combine tax credits to encourage people to buy coverage, along with ideas to improve the quality of healthcare.

"We're not going to wait for the government to move," said Scott P. Serota, Blue Cross and Blue Shield Association

(BCBSA) president and chief executive officer. "We believe it's time to act."

Serota said that 30 percent of the care delivered today is either inappropriate or redundant. "We have to fix that," he said. As a result, BCBSA's *Pathway to Covering America* proposal would extend coverage to 30 to 35 million of the 47 million uninsured, with the tax credits costing the U.S. \$50 to \$100 billion annually.

"We can build upon the employer-based system with tailored solutions to enhance and sustain this system, while providing affordable options for those without employer-sponsored coverage."

The following highlight the recommendations for government action in BCBSA's five-point plan for reform:

Encourage Research on What Works — Create an independent institute to support research comparing the relative effectiveness of new and existing medical procedures, drugs, devices, and biologics. (Continued on back)

Recipe for Success

Mix of Culture Change, Benefits Design, Education Enable CDHP Sustained Savings



AN INSURER'S SUCCESS with consumer-directed health plans provides a road map for employers who want to control healthcare costs and engage employees in their health by offering a consumer-directed benefits strategy, according to Mark T. Bertolini, Aetna president.

Following a five-year study of 1.6 million Aetna members, Bertolini says that "this latest research simply validates what we've suspected all along—that while implementing these plans requires a commitment from both the employer and the employee, the payoff is significant for those who embrace all the tools that influence healthcare consumerism."

According to Aetna, the four keys that help employers succeed in implementing a consumer-directed benefits strategy include:

1. Fostering a culture of healthcare consumerism among all employees, beginning with senior executives;
2. Implementing a focused employee communication and education campaign;
3. Offering wellness programs and incentives for healthy behaviors, as well as 100 percent coverage for preventive care; and,
4. Carefully constructing a benefits package that includes appropriate levels of member responsibility. (Continued on back)

Forget to File?

IRS Sends 5500/5500-EZ Delinquency Notices



THE INTERNAL REVENUE Service (IRS) has begun mailing taxpayer delinquency investigation notices to employers that failed to file Forms 5500 and 5500-EZ for plans years ending Dec. 31, 2004, or later. The IRS has reinstated the program to allow it to obtain missing returns and to allow non-filers to become compliant.

Note, however, that the IRS program should not be confused with the notices generated by the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor (DOL), which has its own notification program. The EBSA may impose a penalty of up to \$1,100 per day, with no maximum, for failure to file a Form 5500 for a pension, welfare, or welfare/fringe benefit plan. These penalties are in addition to amounts that can be assessed by the IRS. (Continued on back)

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(Continued from front)

Change Incentives to Promote Better Care – Continue efforts to incorporate pay-for-quality incentives into Medicare and other government programs; promote management of chronic illnesses; and give Food and Drug Administration (FDA) authority to approve scientifically feasible and safe generic versions of biological products without imposing long periods of market exclusivity for brand-name products.

Empower Consumers & Providers – Promote greater quality and cost transparency, and establish a national health information network, with electronic health records in every doctor's office.

Promote Health & Wellness – Support employer efforts to promote healthy lifestyles by providing wellness incentives for individual workers by removing legal barriers that hinder employer efforts; establish lifestyle factors for group rating by preempting state rules that limit insurers' ability to give group discounts for smoking and wellness rating factors; and offer other employer incentives, such as tax incentives.

Foster Public-Private Coverage Solutions – Help those who currently have difficulty affording coverage via tax credits; extend public programs to everyone with incomes below the federal poverty level; make federal support for state high risk pools permanent; establish federal grant program to allow states to develop their own initiatives; expand the State Children's Health Insurance Program (SCHIP); and empower states to enroll Medicaid/SCHIP beneficiaries in employer-provided plans. ■



Recipe for Success. . . . (Continued from front)



Similarly supporting a component of Aetna's four keys to success, Watson Wyatt's 2007/2008 *Communication ROI* study found that employers who aimed to increase employee participation in benefits programs implemented internal communication programs.

"As more companies take steps to rein in healthcare costs and update their benefit offerings, the need for better communication is becoming clear," says Kathryn Yates, Watson Wyatt global director of communication. "Companies expect employees to assume more responsibility for their financial and personal health, so it's important to provide them with the resources to make informed decisions." ■

Forget to File? . . . (Continued from front)

As a result of this recent IRS initiative, employers that fail to file or file incomplete Form 5500 reports now may be contacted by EBSA, the IRS, or both agencies with respect to the same 5500 reports, depending on the violation identified.

However, there are opportunities to complete delinquent filings without being subject to these penalties. Plan sponsors whose Form 5500 filings are late, are unsure of the filing history of a plan (due to a merger/acquisition, for example), or do not have copies of prior plan year Form 5500s, may want to consider the DOL's Delinquent Filer Voluntary Correction (DFVC) program. ■

. Bulletin Briefs

♦ *BLR Offers Employers Free Employee Attitude Survey*

BLR's complimentary *National Employee Attitude Survey* program provides participating companies with a BLR-written questionnaire to send to their workforce, either by email or as a printed copy. Via a 0-to 10-point scale, employees answer questions about workplace communications, supervision, teamwork, and chances for advancement at their organizations. Replies are sent directly to BLR, which does all preparation of the results. Employers then receive a confidential report of how they did, both at their companies, and compared to similar organizations.

To participate in the first wave of data reporting, employers should sign up by Friday, Feb. 22. However, employers may join at any time in 2008 and be reported in a later wave. Employers wishing to participate should register at <http://neas.blr.com>. The questionnaire and other materials may also be inspected there. For questions, call BLR at 800.727.5257 x2301.

♦ *DOL Issues Checklist on Final Wellness Program Rules*

The Department of Labor (DOL) has issued a checklist to help employers identify what types of health promotion or disease prevention programs offered by a group health plan are in compliance with final wellness regulations. Check out this assistance at <http://www.dol.gov/ebsa/regs/fab2008-2.html>. ■

HRinsider® bulletin is brought to you each month courtesy of Garner Insurance Services, a UBA® member firm. For more information, contact John Garner or Zaven Kazazian at (626) 351-2300.



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